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**THE SPRATLY ISLANDS DISPUTE:
CAN ASEAN PROVIDE THE FRAMEWORK
FOR A SOLUTION?**

BY

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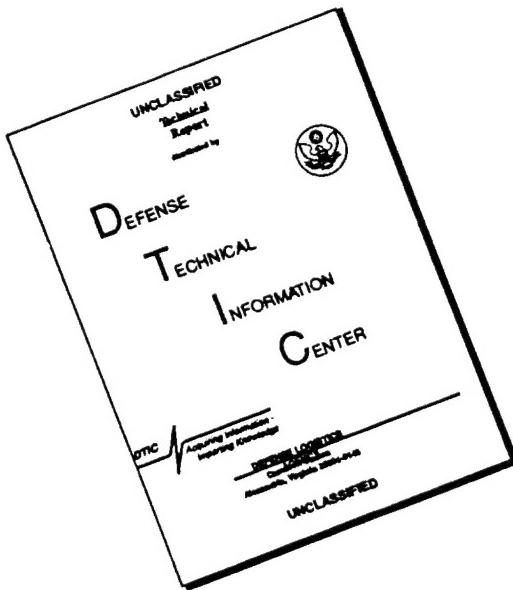
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ABSTRACT

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The conflict in the Spratly Islands involves six nations; China, Taiwan, the Philippines, Malaysia, Brunei and Vietnam. Each country has at least a partial claim to the islands. The Association of Southeast Asian Nations (ASEAN) consists of seven nations; Indonesia, Thailand, Malaysia, the Philippines, Brunei, Singapore and since July of 1995, Vietnam. Four of these ASEAN nations also have claims within the Spratly Islands. This study explores the possibility that ASEAN, an organization that now hosts a regional forum to address regional security issues, might be able to provide a framework for a solution to the major regional security challenge of the Spratly Islands dispute.

**THE SPRATLY ISLANDS DISPUTE:
CAN ASEAN PROVIDE THE FRAMEWORK FOR A SOLUTION?**

Introduction

The conflict in the Spratly Islands involves six nations; China, Taiwan, the Philippines, Malaysia, Brunei and Vietnam. Each country has at least a partial claim to the islands. The Association of Southeast Asian Nations (ASEAN) consists of seven nations; Indonesia, Thailand, Malaysia, the Philippines, Brunei, Singapore and since July of 1995, Vietnam. This organization has evolved significantly over its twenty-eight year history. Initially established as an economic and cultural organization, it has evolved to address security issues through a regional forum that includes its member nations, plus eleven other nations to include the United States, Japan, China and Russia.

This paper will explore the possibility that the expanding role of ASEAN, to now include addressing security issues, might facilitate a solution to the Spratly Islands dispute. With four of the six nations involved in the conflict now part of ASEAN, and a fifth part of the regional forum, can it provide a framework for the resolution of the conflict? This paper will also examine the current status of the conflict, the impact of China and its policies in the South China Sea, and how ASEAN evolved in its ability to address security issues. Finally, it will address the possibility that ASEAN can provide a solution to the Spratly Islands conflict.

The Spratly Islands Conflict

The Spratly Islands group or archipelago is situated in the southern part of the South China Sea and comprises a collection of over 230 shoals, reefs and small, mostly uninhabited islets that are spread over an approximately 150,000 square mile area. They lie 120 miles west of the Philippine island of Palawan, 150 miles northwest of the Malaysian State of Sabah, 230 miles east of the Vietnamese coast and 900 miles south of the Chinese island of Hainan. The largest island, Itu Aba, is .4 square miles in area and occupied by Taiwan. Spratly Island itself is .15 square miles in area and occupied by the Vietnamese.¹

The various claims to the Spratly Islands are complex. The bases for the claims vary from historical (China, Taiwan and Vietnam), to right of discovery (the Philippines), to association with continental shelves and the Law of the Sea Convention (Malaysia and Brunei). The claims are further complicated by the conflicting and overlapping boundaries generated by the various sources of these claims. Three of the nations (China, Taiwan and Vietnam) claim the Spratlys in their entirety, the Philippines claim some 60 islets, rocks and atolls that are collectively call Kalayaan (Freedomland), Malaysia claims three islands and four groups of rock at the southern limit of the Spratlys, and Brunei claims a single reef well south of the bulk of the islands.

A map which illustrates these overlapping claims is included at Appendix A. For the purpose of this paper, it is sufficient to understand that these various claims make bilateral negotiations of a solution difficult because there are no islands

that only two nations claim. Some of the islands are claimed by as many as five of the six contestants.

The most significant changes in the positions of current claimants occurred during the 1970s. The changes in the Spratlys situation during that period are primarily attributed to the change in the balance of power in the region associated with the end of the Vietnam War.² With the United States withdrawal from Vietnam, several nations reconsidered their position in the region, and the relatively dormant situation in the Spratlys changed. During the 1970s, Vietnam took over possession of the islands that had been claimed and occupied by the South Vietnamese. Significantly, Vietnam also changed from supporting China's claim to the islands, a position they endorsed on several occasions during the Vietnam War, to claiming the islands in their entirety. It was also during the 1970s that the Philippines established its military presence on its Kalayaan claims and Malaysia made its initial claims in the area. Consequently, China also became significantly more vocal in asserting its claims to the entire South China Sea. This was backed up militarily by their seizure of the Paracel Islands from Vietnam in a military operation in 1974.

Strategic and Economic Importance

The Spratly Islands are astride sea lanes of great importance for the commerce of the region and the world. These sea lanes, which link the Indian and Pacific Oceans via the Malacca, Sunda and Lombok Straits, run close by the Spratly Islands. Maritime traffic proceeding to Southeast and Northeast Asia, Indochina and

the central and eastern Pacific, all traverse the South China Sea. Over 80% of Japan's oil imports, and a significant portion of their finished goods exports pass through this area. It is also of strategic importance to the United States as the access route for its fleet between the Pacific and Indian Oceans. A nation with sovereign control of the Spratlys and its territorial seas would have a central and commanding position to influence trade throughout this region of the world.³

Economically, the Spratlys are currently valuable in terms of fishing resources and potentially much more valuable based on projected oil and gas reserves in the sea bed surrounding the islands. The economic value of the region is the greatest catalyst in the continuing dispute between the contestants.

The South China Sea is an important fishing area for all of the littoral nations of the area. This is supported by the fact that the most recent incidents between the countries involved in the Spratly dispute have revolved around violations of fishing claims in Malaysia and the Philippines by Chinese fishermen. In each case, the fishermen were arrested, tried in local courts and then fined or jailed or both.⁴

The greatest economic factor in the long term is the potential for oil and gas deposits in the area of the Spratlys. Although little oil or gas has been found to this point, estimates by geologists indicate there may be as much as a billion tons of oil and gas.⁵

One of the complications in oil and gas exploration of the Spratlys area has been the depth of the sea bed. With recent

developments in subsea and floating production systems technology, the likelihood of economically feasible access to the oil in the region increases.⁶ This technology is expensive and requires the involvement and investment of major corporations in order to exploit the mineral resources of the region.⁷ Capital investment by international oil companies for the new fields expected to start up in Southeast Asia by 2000 exceeds \$25 billion. Eighty-six percent of those fields will be offshore. Another factor that will promote increased exploration are estimates that current oil production in Southeast Asia will fall by twenty-four percent by 2002 (although gas production will increase by fifty-four percent in the same period).⁸

An indication of the potential in the area is Indonesia's Natuna gas field, located approximately 150 nm southwest of the Spratlys. It is one of the world's largest gas fields with an estimated 45 trillion cubic feet of reserves.⁹

Current Situation

There are four primary factors at play in the current situation in the Spratlys. They are the reduction of superpower military presence following the end of the Cold War, the ambiguities and gaps in the Law of the Sea Convention, the need for oil to maintain the rapidly growing economies of the region, and regional efforts to modernize military capabilities.

The Russian withdrawal from Cam Ranh Bay, Vietnam and the American departure from Subic Bay and Clark Air Base in the Philippines have left a power vacuum in the region within the last

five years. Although the United States still has a relatively significant presence through its Pacific Command, most nations are still not sure how committed the United States is in this immediate region. Regional nations are therefore most concerned with the emergence of China as a maritime power to fill the void. The concern is naturally heightened by the fact that China is also one of the claimants to the Spratlys.

One might consider that the Law of the Sea Convention and international law could provide a basis for resolution of the dispute. Instead, the Spratly Islands dispute highlights the limitations of the Law of the Sea Convention. A major shortcoming is that the Law of the Sea Convention starts with a premise that sovereignty of land territory is established prior to consideration of maritime issues. Occupation of the Spratly Islands has been intermittent and transitory in the past, therefore no clearcut ownership of the 'land territory' has been established. The Law of the Sea Convention does not provide for a binding arbitration process to resolve disputes over conflicting Exclusive Economic Zone claims arising from the Convention. In fact, Malaysia and Brunei's claims on the Spratlys were based on their application of the Law of the Sea Convention and further complicated the overall Spratly Island situation.¹⁰

The oil and gas potential of the Spratly Islands region has become an increasingly important reason for claimants to hold steady on their claims. With the economic boom of East Asia, and the fact that existing oil resources are projected to decline by the end of the century, new sources of oil and gas are necessary

to 'feed' the engines of economic progress. Eventually, the need for these resources may provide the impetus for the nations involved to resolve the conflict in order to achieve joint development and shared benefits.

Finally, there is a significant build-up of military capabilities in the region. This is partially in response to the reduced superpower presence, but primarily a transition by most countries from an emphasis on internal defense, to one of establishing a capability to patrol and defend their Exclusive Economic Zones. The current improvements in the region's economies allows the modernization of forces to progress. A significant result of these naval and air oriented build-ups is that as capabilities increase, so does the likelihood of conflict.¹¹ This raises the importance of a negotiated settlement.

Significant events of the 1990s involving the Spratlys included conflicting signals by the most significant player, China. In August of 1990, Premier Li Peng made clear in a statement in Singapore, that China was interested in pursuing joint development of the Spratlys. He said:

"China is ready to join efforts...to develop [the Spratly] islands, while putting aside for the time being the question of sovereignty."¹²

In July 1991, China went even further by agreeing with the other claimants at a meeting in Indonesia not to conduct independent development of the islands. However, the very next year China signed a contract with Crestone Oil of the United States to explore for oil and gas in the western Spratlys (see map

at Annex A) and included a pledge of protection for the company by the Chinese navy.¹³

Other Spratly Islands contestants stepped up their activities during the 1990s as well. In May of 1993, Philippine President Ramos ordered expansion of military facilities in the Kalayaan Islands to include a military capable runway.¹⁴ Vietnam's activities included occupation of their twenty-fourth island near the Malaysian state of Sabah in mid-1992. At the end of 1992, they signed a joint development contract with Malaysia and BHP Petroleum for development of the Dai Hung (Big Bear) field adjacent to the Spratlys.¹⁵ Malaysia is also developing one of its claimed islands into a holiday resort to include an airstrip to assist in its defense.¹⁶

The most significant recent activity in the Spratly Island chain occurred between China and the Philippines. In early February 1995, China was discovered to have occupied Mischief Reef claimed by the Philippines, 130 miles west of Palawan.¹⁷ The Chinese were discovered to have built four octagonal structures, set on concrete pillars¹⁸ and including a satellite dish for communications. Significant implications to the island seizure include the discrepancy between Chinese rhetoric of conciliation and their actions, the fact that China passed up other unoccupied islands of the Philippine claim and moved directly to the island closest to Palawan, and the stark demonstration of the Philippines' inability to defend its claim or even detect the Chinese activity before construction was completed.¹⁹ The

Chinese simply claim the facilities on Mischief Reef are nonmilitary and necessary for support of Chinese fishing operations in the area.²⁰

Perhaps the most significant signal from this latest confrontation is the destruction of a conventional wisdom that China would leave the ASEAN nations alone, and focus on Vietnam (at the time not a member of ASEAN) as its greatest adversary in the Spratly Island conflict.²¹ The willingness of China to take on all claimants increases the level of tension, but also probably raises the interest of all parties to come to some sort of settlement on the issue before it gets out of hand.

The China Factor

China is clearly the major player in the Spratly Island dispute. They are the largest country in the dispute with the largest military force and are the regional power most capable of filling the 'superpower vacuum'. They have the oldest historical claim, which dates back to 300 B.C. In the opinion of John Zeng, an international lawyer and China specialist from Australia, China has the soundest claim on the Spratlys and would be the biggest winner in any effort to use international arbitration to settle the dispute.²²

China has been the traditional aggressor in conflicts in the South China Sea. They seized the Paracels from Vietnam in a military operation in 1974. In 1988, China fought naval battles with Vietnamese forces in the Spratly Islands group, and took over possession of six islands by armed force. The occupation of Mischief Reef in 1995 adds to the Chinese image as an aggressor.

China's willingness to use force in the past to settle claims in the South China Sea positions it as a key player in determining whether the Spratly Island issue can be settled peacefully.

It is important to understand the major difference in perspective between China and the other nations involved in the conflict. While China is routinely portrayed as aggressive and provocative as mentioned above, from China's perspective they are the victims of past aggression and encroachment by their neighbors. They are merely acting to protect their territorial integrity. They are not expanding their territory by taking additional reefs and islands, but merely recovering them.²³ The Chinese perceive of themselves as "a pacific, non-threatening country that wishes nothing more than to be allowed to live in peace with its neighbors."²⁴ Of fifteen military actions conducted by Beijing since the establishment of a communist government, only two (the Korean War and an incursion into Vietnam in 1979) are considered by them to have been extraterritorial.

Economics

China has one of the fastest growing economies in the world. Few economic forecasts ignore China as a major player in the world economy in the 21st Century. Mainland China supports twenty-two percent of the world's population. With this increased economic development comes increased energy requirements. Oil demand by China in 2020 is projected to be 350 million tons per year. Current production is 140 million tons per year which creates an obvious need for expansion of energy resources to meet future

requirements.²⁵ The energy potential of the Spratlys is looked at as one of the sources for meeting this need.

The need for the resources of the Spratly Islands and the greater South China Sea has to be tempered by the realization that China requires foreign investment and technology to continue its economic expansion. Overt aggressiveness in the Spratlys would potentially secure resources, but it would also significantly hinder its ability to attract foreign capital. China must also be careful of its relationship with ASEAN as an increasingly important trade partner on one hand and as an organization that contains rival claimants to the Spratlys on the other.

In the last four years, China has had a variety of bilateral discussions with three of the four ASEAN claimants to consider joint development of the Spratlys. In August of 1992, China formally suggested a joint agreement to Malaysia on the joint development of oil and gas resources in their mutually disputed area. In April of 1993, President Ramos of the Philippines, during a visit to China, agreed with Chinese President Jiang Zemin "to explore and develop the disputed territory jointly and shelve the issue of sovereignty."²⁶ Jane's Sentinel: South China Sea reported that a verbal accord was reached between Vietnam and China in 1994 to jointly develop South China Sea hydrocarbons. Although each includes an agreement in principle, there has been no evidence of significant progress toward meeting the stated objectives with these ASEAN countries.

Previous Settlements of Disputes

In the past, China has dealt with many other nations regarding territorial disputes, and has resolved a number of them peacefully, despite early indications of potential military conflict and a hardline Chinese policy of unbending sovereignty. Eric Hyer, of Brigham Young University, in a recent article in Pacific Affairs argues that "the Peoples Republic of China has demonstrated great flexibility in negotiating boundary settlements in an attempt to bolster amicable relations and maintain a favorable balance of power."²⁷ He cites border dispute resolutions with Burma, Nepal, Mongolia, Pakistan and Afghanistan in the 1960s and recently an agreement with Japan over the Senkaku Islands, as instances to support his thesis. In these cases, China had far reaching claims, but was willing to conclude boundary treaties that gave up some of those claims. One conclusion he draws is "that all Beijing expects is tacit recognition of China's earlier imperial greatness and subsequent victimization by foreign imperialism, but is more interested in stable and legitimate boundaries that facilitate achieving security objectives."²⁸ The current objective of continued economic growth might fit into this mold and facilitate a desire to resolve the Spratly conflict.

The Senkaku example is the more likely template for a Spratly solution. The Senkaku Islands have been disputed between China and Japan and have been a stumbling block between the two nations. However, it did not get in the way of concluding the Sino-Japanese Peace and Friendship Treaty in 1978. This treaty was strategically important to the Chinese as an 'anti-Soviet' move,

so the territorial dispute was subordinated to a larger foreign policy goal. In 1993 China and Japan reached an agreement that would allow joint development of resources adjacent to the Senkaku Islands in exchange for Japanese recognition of the area as Chinese territory. In a like manner, recognition of the Spratlys as Chinese territory might be a small tradeoff for the other nations involved in the dispute to secure access to the potential resources surrounding the islands.

The major complication in applying a 'Senkaku solution' to the Spratlys is the multilateral nature of the Spratly dispute. China has repeatedly expressed disapproval of formal multilateral negotiation of the Spratly issue. The current policy of China as it regards the Spratlys allows for informal multilateral discussions, but only unilateral official negotiations. It prefers to put off discussion of sovereignty and concentrate for the time being on possibilities for joint development of resources. China's insistence on bilateral negotiations is based on its ability to maintain a position of strength relative to any single country negotiating with them.

Military Capability

China is already the major regional military power with the world's largest army at 3.2 million men. Because of its growing economy it has also been able to finance the world's fastest growing military budget. Its published military budget is up seventy-five percent from 1988 with other sources estimating actual increases as high as two hundred percent over the same period.²⁹

Of great significance to the other Spratly claimants, this military buildup emphasizes power projection from China. Major acquisitions that will affect Chinese ability to project military power into the South China Sea include eventual procurement of two aircraft carriers and ten Kilo class submarines from the Russians. They also are projected to receive up to seventy-two SU-27 and twenty-four MIG-31 fighter aircraft from Russia, to include production facilities for the SU-27s. As significant is the purchase of air-to-air refueling equipment that would allow for extended ranges and increased loiter time for these aircraft in the vicinity of the Spratlys.³⁰ According to Indonesian military sources, Chinese warships have been sighted as far south as the waters off of Sabah at the southern limits of the Spratly Islands.³¹

The nations in the region evidently have good reason to be concerned with the current pace of Chinese military modernization. Based on the current and projected rate of growth of Chinese naval and air capabilities, separate computer simulations at the Naval War College and the Central Intelligence Agency have both shown an American defeat in Asian naval engagements between China and the U.S. in the 2005-2010 time frame.³²

Significance of Taiwan

The continuing conflict between China and Taiwan could be one of the greatest complicating factors in the resolution of the Spratly Island situation. Both nations claim the Spratlys in their entirety based on the same reasons. It becomes a question of which nation legitimately represents the Chinese people. It

may be that a China-Taiwan solution will need to precede a Spratly Island solution.

However, there are strong indicators that a China-Taiwan 'mutual position' may already exist. A government seminar on the South China Sea held in Taipei in 1993 proposed an official exchange of documents with Beijing affirming Chinese sovereignty over the islands and that Taipei should sponsor joint meetings on the issue. "Both Beijing and Taipei have unfailingly responded to statements and actions taken by any other party to the dispute, but they have not challenged each others' claims and have avoided military conflict over islands the other occupies."³³ There are numerous instances of mutual support in the Spratlys to include the fact that in the 1988 Chinese attack on Vietnamese forces, the Taiwanese military station on Itu Aba provided fresh water to the Chinese marines before and after the attack.³⁴ A 1990 fishing agreement between China and Taiwan specifically mentions cooperation in the Spratlys.³⁵ In March of 1994, China and Taiwan launched a joint scientific expedition to survey waters around the islands of the Spratlys.³⁶ Probably most significant is the 1994 agreement between China Petroleum (Taiwan), China National Offshore Oil (China) and Chevron (U.S.) to form a joint venture for oil exploration in the East and South China Seas.³⁷ This has tremendous implications for a 'united Chinese position' on the biggest economic issue involving the Spratlys conflict.

The Association of Southeast Asian Nations

ASEAN has proved to be the most successful alliance of 'third world' nations in existence. It was organized in 1967 and has a current membership of seven countries. The original member nations were Thailand, Singapore, Malaysia, Indonesia, and the Philippines. Brunei joined the organization in 1984 and Vietnam joined in 1995. When founded, its goals were to "accelerate the economic growth, social progress and cultural development in the region", as well as to "promote regional peace and stability."³⁸

ASEAN has been characterized in its past by greater success in developing a common external view for the organization than in dealing with issues internal to the organization. As an example, economic growth within the region was a primary objective in their charter. Although they have made real progress in trade within ASEAN, their greater success has been the collective effort of improving the trade volume with nations external to ASEAN. One measure of this success is the fact that as a group of countries, ASEAN is now the United States' fourth largest market in the Pacific.³⁹

The future direction of ASEAN can be judged by the initiatives taken at the 5th ASEAN Summit held in December of 1995 in Bangkok. The four major initiatives include a decision to eventually expand membership to include Burma, Laos and Cambodia, to establish Southeast Asia as a nuclear weapon free zone, to speed up trade liberalization within the organization, and to foster closer economic ties with China. The expansion of membership is expected to occur by the turn of the century and will fully incorporate Indochina into ASEAN. The closer economic

ties with China includes a project to invite China, Japan and South Korea to join with ASEAN in the development of the Mekong River Basin of Indochina.⁴⁰

Ability to Address Security Issues

Although ASEAN is not a military alliance or billed as a 'security organization', it has addressed security issues and has made its collective position known to the world community. Its 1971 call for a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia and its high profile role in pushing for resolution of the Cambodian conflict in the 1980s are two examples.⁴¹

The most significant step taken by ASEAN to address security issues came with the establishment of the ASEAN Regional Forum (ARF) in 1994. It was an offshoot of the successful forum ASEAN had established through informal meetings with its 'dialogue partners' (the United States, Japan, Australia, New Zealand, Canada, the European Union and South Korea) to discuss economic issues of mutual interest. In creating an expanded forum to address security issues, ASEAN effectively created "Asia's first broadly based consultative body" concerned with regional issues.⁴² In addition to ASEAN and its 'dialogue partners,' the forum includes China, Laos, Papua New Guinea, and Russia. The success of this forum was specifically addressed in the 1994 U.S. National Security Strategy and credited with providing regional exchanges on the full range of common security challenges.⁴³

Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs, recognized the significance of the ARF in

testimony to the U.S. Congress in February of 1995, when he stated:

"We believe the ASEAN Regional Forum can play an important role in conveying governments' intentions, easing tensions, promoting transparency, developing confidence, constraining arms races, and cultivating habits of consultation and cooperation on security issues."⁴⁴

The first meeting of the ARF occurred in July of 1994 and the issue of the Spratlys was only peripherally addressed. Because of ASEAN's sensitivities to China's unwillingness to discuss the Spratlys issue in a multilateral setting, only topics such as air-sea rescue and various confidence building measures were discussed.

Impact of Vietnam's Membership in ASEAN

Vietnam has been the major protagonist opposing Chinese domination of the South China Sea and the only nation to engage them in armed conflict over the Spratly Islands. There was once great concern over Chinese reaction to Vietnamese membership in ASEAN, however there has been little to no reaction by the Chinese to the move.⁴⁵ This is positive from the standpoint that there was considerable concern that China would perceive it as a move by ASEAN to 'gang up' on China.

Vietnam's acceptance into ASEAN membership provides diplomatic legitimacy and allows it to make a significant move towards "becoming a member of the international community in full standing."⁴⁶ It also provides significant economic benefits over the long term and is an interim step toward membership in the World Trade Organization. Nguyen Quoc Dzung, Economics Department Director of the Vietnamese Foreign Ministry said:

"If we are in ASEAN, we are in better position to draw in investment and trade both from the region and from the West, because the world will consider Vietnam as similar to ASEAN countries. Otherwise we are considered as different."⁴⁷

In relation to the Spratly conflict, Vietnam's membership in ASEAN brings four of the six contestants into a common framework as part of an organization oriented towards economic cooperation. With the economic impact of the Spratlys situation, this may enhance ASEAN's interest in establishing a common position.

ASEAN's Ability to Deal with the Spratly Islands Conflict

ASEAN is potentially capable of dealing with the Spratlys issue from several different directions. First is through the ARF as it continues to develop and mature into a forum capable of serious discussion on the security issues of the region. As noted by Frank Ching of the Far Eastern Economic Review in his positive review of the first meeting of the forum, "the Spratlys issue eventually must be addressed if the ARF is to play a productive role in defusing potential flash points."⁴⁸ Second is through the annual workshops on "Managing Potential Conflicts in the South China Sea" that are hosted by Indonesia. Although not an ASEAN forum per se, Indonesia's initiative was due to some previous successes within the organization's framework. Finally, is for the nations of ASEAN to come to settlement through negotiations between themselves followed by engagement of China and Taiwan. The mechanisms are in place; what apparently remains to be determined is the level of desire among members of the organization to come to consensus on how to deal with the issue.

Indonesia has hosted annual unofficial workshops since 1990 in an effort to provide resolution to potential conflict in the South China Sea. The initial meeting in January of 1990 was only among ASEAN members. The purpose was to "consider whether the lessons of the Cambodian conflict and, more importantly, the lessons from ASEAN regional cooperation, may prove useful for the solution, or the prevention, of possible conflicts arising in the South China Sea."⁴⁹ Although Indonesia had no Spratlys claim, it had an ongoing dispute with Vietnam over the Natuna area. The second meeting was held in July of 1991, and was expanded to include China, Taiwan, Vietnam (not yet a member of ASEAN) and Laos. The unofficial nature of the conferences allowed for China and Taiwan to both participate. During the 1991 conference, China made known its desire to keep the discussions at an unofficial level and "limited to an exchange of views among scholars"⁵⁰ They opposed an ASEAN proposal to expand the forum in the future to include the United States, Japan and Russia. They did however, endorse peaceful settlement of South China Sea disputes and joint development of resources. As a result all claimants present agreed to halt independent development in disputed areas and renounced the use of force to settle disputes. At the August 1993 meeting, China's delegate reiterated Beijing's position that it did not intend to use the workshop as a forum to enter into formal negotiations over conflicting claims.⁵¹ It was also at this conference that the Chinese delegates produced a map showing the southern reaches of their South China Sea claims. The claim line encompassed the Natuna gas field off Indonesia's coast that had not previously been claimed by China. That revelation set back

progress and the following year's conference result was limited only to an agreement to coordinate national environmental programs in the South China Sea.⁵²

ASEAN solidarity is important if they are to persevere in establishing a context for solution of the Spratly Island conflict. As an organization, they have historically been very wary of any moves that would antagonize China. A potentially significant step was the "unexpectedly united front" of ASEAN nations in support of the Philippines' resistance to Chinese demands for them to cancel a press visit to the Kalayaan claim following the Chinese occupation of Mischief Reef.⁵³ Another recent example of increased cooperation between member states of ASEAN is the November 1995 Philippines-Vietnam agreement to set up a 'Spratlys hotline' and to exercise self-restraint in mutual issues regarding the Spratlys.⁵⁴ Despite some progress, the Spratly issue was only addressed cursorily at the December 1995 summit meeting of ASEAN leaders. An interesting statement by a senior Philippine official at the summit reflected ambivalence toward an expectation of real progress on the Spratlys issue. He said:

"I doubt that we will ever have a lasting settlement with the Chinese on the South China Sea, but if by engaging with them in dialogue we can maintain the status quo, that is a gain."⁵⁵

Another factor in coming to a collective ASEAN position on the Spratly dispute is the varying opinions of member nations on how to deal with China. Vietnam and the Philippines want to press Beijing over its claims in the Spratlys. This is congruent with their position as the most active disputants against China.

Thailand and Malaysia want a "gentler, more accommodating approach." A Malaysian official is reported to have said: "The more pressure you put on China, the more allergic it becomes." Indonesia advocates taking a 'middle path'. They want to galvanize ASEAN on the issue, but they don't want to raise Chinese fears.⁵⁶

A major sticking point in ASEAN's ability to frame a solution to the Spratlys issue is China's continuing insistence on bilateral negotiations as the only avenue for discussions. China wants to avoid providing ASEAN the opportunity to negotiate through collective diplomatic strength. In an address by Premier Li Peng to the National People's Congress in 1995, he stated:

"A stable force behind preservation of world peace, China will not pose a threat to any country. China is ready to settle disputes through dialogue on the basis of equality and bilateral negotiation."⁵⁷

A Possible Solution

With China as the key to settlement of the Spratly Island dispute, it is necessary for the ASEAN nations to determine how they might fit into China's framework for a solution. The requirements would first include either recognition of China's sovereignty over the islands or a willingness to defer the sovereignty issue for later consideration. It is the economic resources of the area that are the greatest attraction to all nations concerned. So next, the nations of ASEAN should collectively come to consensus on what they consider a reasonable sharing regime for the resources in the area and then individually approach China through bilateral negotiations over those resource

issues. Finally, the overall solution should include a timetable for demilitarization of the area, in order to prevent potential conflict in the future. It can be left up to China to work out its own solution with Taiwan since they both represent the identical claim.

A specific proposal for a Spratlys solution that is in line with what could be achieved was set forth by Mark Valencia, a senior fellow at the East-West Center in Honolulu. The catalyst for his proposal was the China-Taiwan agreement with Chevron for development of resources in the South China Sea. He proposes that China and Taiwan set aside their historic claim to most of the South China Sea for a shared 51% interest in a multilateral 'Spratly Development Authority'. In exchange for favorable settlement of a China-Vietnam dispute in the Gulf of Tonkin, Vietnam would settle for less share than its full claim on the Spratlys. Brunei would receive a very small share based on its minimal claim. Then Vietnam, the Philippines and Malaysia would split the balance of the remaining shares of the development authority. The Spratly Development Authority would then administer the core area, manage the exploration and exploitation of resources (with distributions to each country based on their share) and demilitarize the area. It would also manage fisheries, maintain environmental quality, allow legitimate transit of vessels and freeze sovereignty claims.⁵⁸ The 51% Chinese share of the Authority would constitute tacit recognition of the Chinese sovereignty claims, but other nations would be able to consider the sovereignty issue shelved through formation of the Development Authority.

Conclusions

The longer that ASEAN waits to push China for a solution to the Spratlys problem, the more advantageous it will be for China. It will continue to wield proportionately greater and greater military and economic power than the combined ASEAN states.

It must also be recognized that the Spratlys demand an economic solution more than a military or political one. The need for future energy resources to continue economic development in the region surpasses the military or political value of possessing the islands. China's need for foreign technology and capital in order to continue its economic boom will temper its aggressiveness, and may be the reason for China to settle for a solution less politically acceptable than what it would prefer. China has shown in the past that it is willing to subordinate sovereignty issues to meeting currently demanding national objectives.

The nations of ASEAN need to decide if they are willing to settle for a share of the Spratlys' resources as a preference to the potential loss of their entire claim to an increasingly capable China. If so, they need to negotiate collectively (only among themselves) with the objective of assembling a joint development plan that is fair and reasonable to all parties involved. Each nation should then approach China, not to present a fait accompli, but to engage China and begin a serious effort towards formal settlement of the conflict. There will be plenty of diplomatic problems on this road, but it is getting late for the ASEAN nations to start the journey.

ENDNOTES

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3. Lt Cdr Jon Sparks, "The Spratly Islands Dispute: The Possible Outcomes and Their Effects on Australia's Interest," Asian Defense Journal, March 1995, 18.
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7. Sparks, 19.
8. Anonymous, 88.
9. John McBeth, "Oil-Rich Diet," Far Eastern Economic Review, 25 April 1995, 28.
10. Cordner, 72-73.
11. Allan Shephard, "Maritime Tensions in the South China Sea and the Neighborhood: Some Solutions," Studies in Conflict and Terrorism 17, no. 2 (April-June 1994): 186.
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13. Ibid., 41.
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16. Michael Vatikiotis and Rodney Tasker, "Hang On Tight," Far Eastern Economic Review, 28 December 1995, 16.

17. Fisher, Commentary page.
18. Mischief Reef is submerged at high tide.
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22. For his arguments see John Zeng, "Focus China's South China Sea," Asia-Pacific Defence Reporter 21, no. 10/11 (July-August 1995): 10-12.
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30. Hyer, 47-48.
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47. Schwarz, 21.
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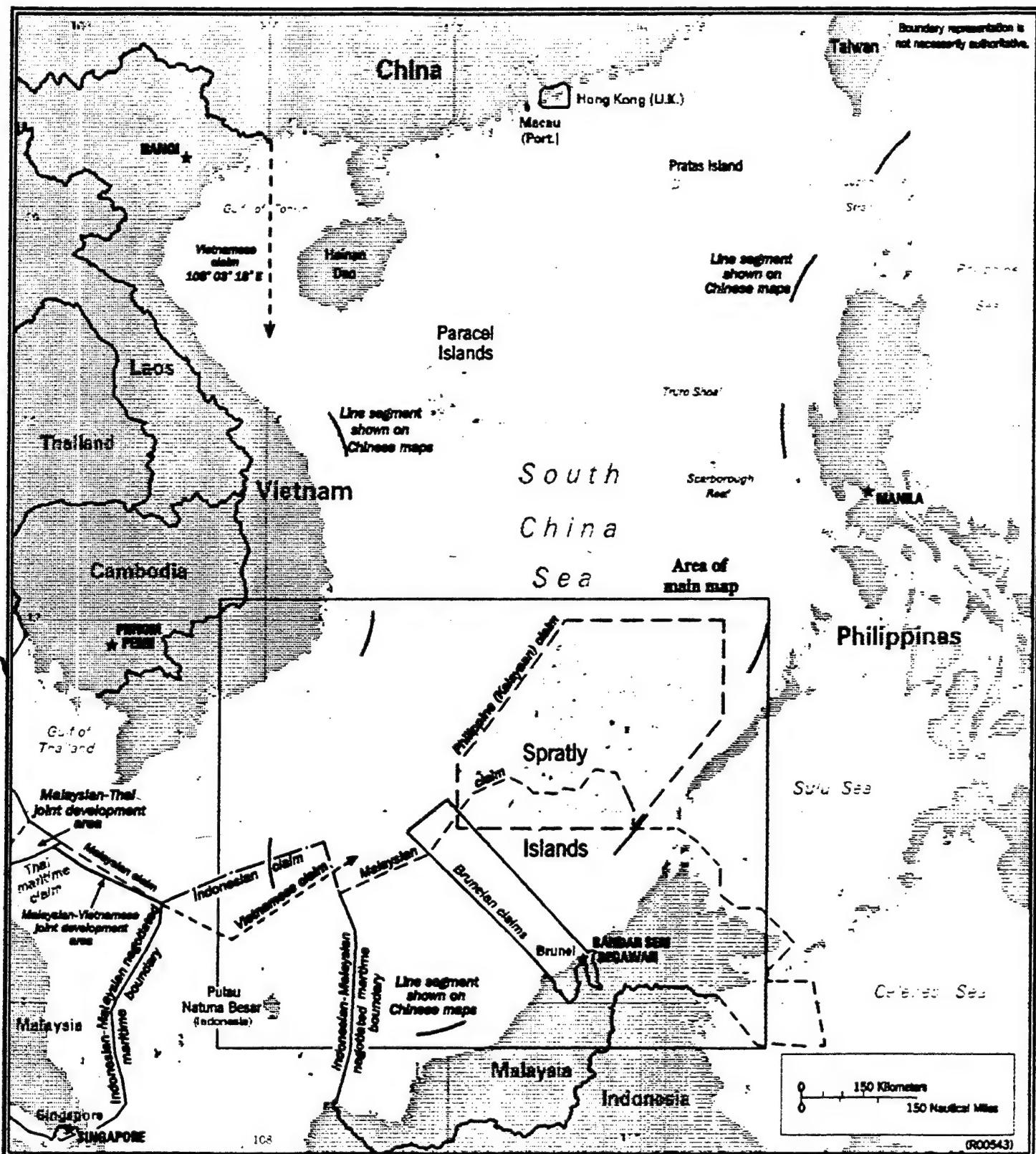
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58. Valencia, 30.

APPENDIX A

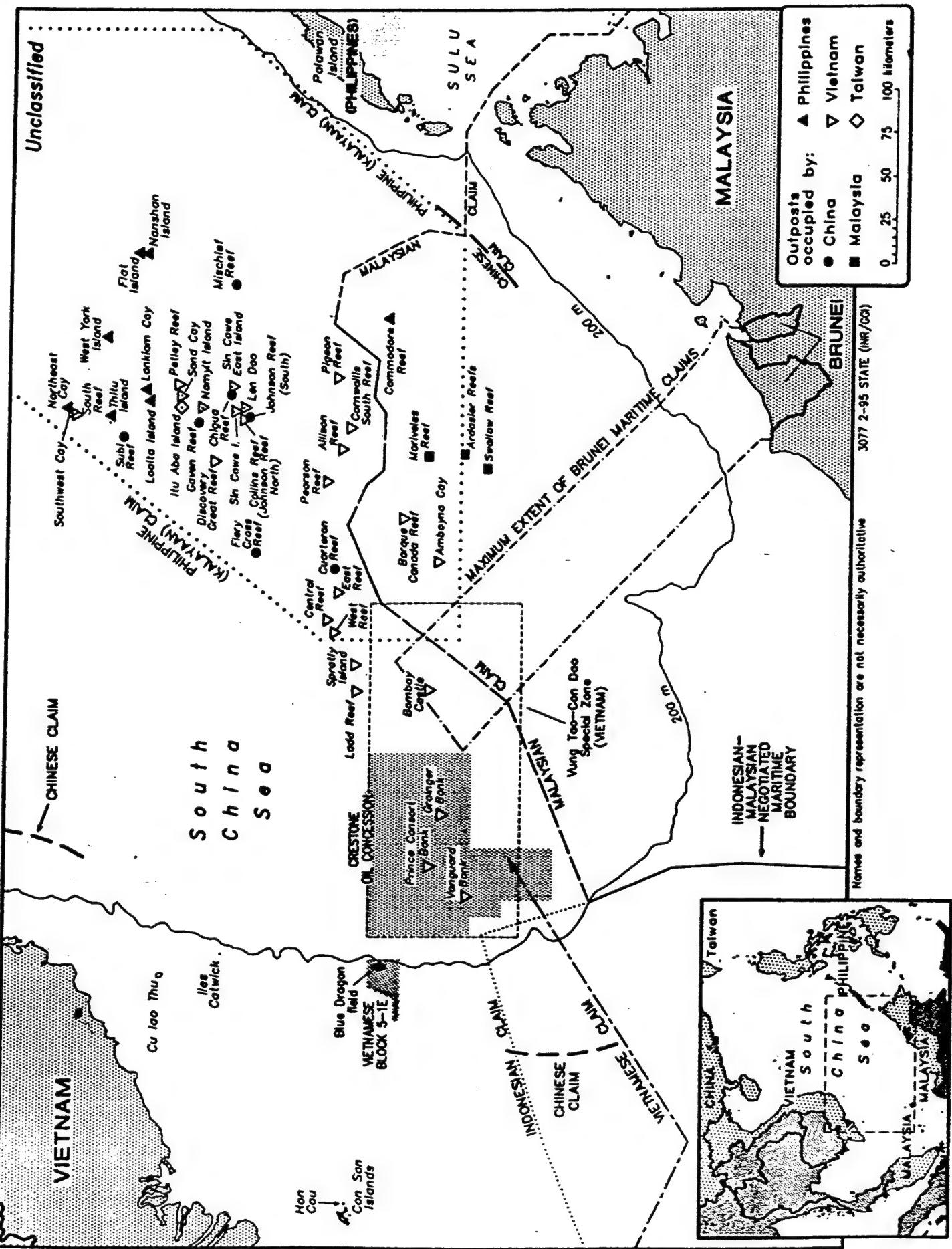
MAPS

1. South China Sea Overview
2. Spratly Islands Claims and Occupied Islands



Map 1 - South China Sea Overview

South China Sea: Claims and Outposts



Map 2- Spratly Islands Claims and Occupied Islands

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